GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:27
ANSWERED ON:10.08.2007
BLACK MONEY
Chavda Shri Harisinh Pratapsinh;Prasad Shri Hari Kewal

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to undertake any study to find out the volume of black money and measures to curb it in the country at present;

(b) if so, the details thereof; and

(c) if not, the reasons therefore?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) and (b) At present there is no proposal to undertake a fresh study for estimating the quantum of black money in the country. However, the Income Tax Department takes several punitive and deterrent steps to control black money. These include scrutiny of returns, surveys, search and seizure action, imposition of penalty and launching of prosecution in appropriate cases. Further, by the Finance Act, 2005, the Government have introduced two additional anti-tax evasion measures, namely, levy of Banking Cash Transaction Tax to establish the trail of large cash withdrawals through banking channels and furnishing of quarterly returns of certain deposits as prescribed under section 206A of the Income-tax Act, 1961.

(c) Most of the transaction generating black money are unrecorded, making the credibility of any estimate doubtful. In such estimates, reliance is on indirect methods and circumstantial evidence. Even the authors of the Report of National Institute of public Finance and Policy titled ` Aspects of the Black Economy in India`(1985) had admitted that their estimate was based on numerous assumptions and approximations, each of which could be challenged. Therefore, no fresh study has been conducted.